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# ***JPRS Report***

## **East Asia**

***Southeast Asia***  
***Vietnam: TAP CHI CONG SAN***  
*No 7, July 1990*

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# FBIS 50th Anniversary Note

To Our Consumers:

This year the Foreign Broadcast Information Service observes its 50th anniversary.

The service, first called the Foreign Broadcast Monitoring Service, was established in 1941 prior to the U.S. entry into World War II. At the time, a number of U.S. Government officials were concerned about the content of foreign radio broadcasts—a relatively new means of conveying information and propaganda across borders. On their advice, President Franklin D. Roosevelt in late February 1941 allotted money from his emergency fund to institute the recording, translating, transcribing, and analyzing of selected foreign broadcasts for the U.S. Government. During World War II the service demonstrated that monitoring was a fast, economical, and reliable way to follow overseas developments.

Today the Foreign Broadcast Information Service provides its consumers throughout the federal government, according to their diverse official interests, with information from a broad range of foreign public media. FBIS information also is available to readers outside of the government, through the National Technical Information Service. Objectivity, accuracy, and timeliness are our production watchwords.

We members of the current staff of FBIS extend our thanks to consumers for their interest in FBIS products. To past staffers we extend our thanks for helping the service reach this anniversary year. At the same time, we pledge our continued commitment to providing a useful information service.



R. W. Manners  
Director  
Foreign Broadcast Information Service

# East Asia

## Southeast Asia

### Vietnam: TAP CHI CONG SAN

#### No 7, July 1990

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27 February 1991

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### **Be Worthy of Being Assault Forces on the Ideological Front**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 7, Jul 90 pp 1-7

[Article by Nguyen Van Linh; published in FBIS EAS-90-185 on 24 Sep 90 pp 65-72]

### **Struggle Resolutely Against Bureaucratic Centralism**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 7, Jul 90 pp 8-12

[Article by Tran Trong Huu; not translated]

### **Some Thoughts on Banking and the Commodity Economy**

912E0048A Hanoi TAP CHI CONG SAN  
in Vietnamese No 7, Jul 90 pp 13-16, 43

[Article by Van Tu, MA in economics]

[Text] In our country's condition, to develop the commodity economy, the socialist state must use such macrocosmic management tools as profits, taxes, and bank credit. In the past period, the implementation of the party's and state's policy on developing a planned commodity economy has not brought the desired results. There are many reasons for this. One of the reasons is that our banking system is not strong enough to stimulate the growth of the commodity economy, mobilize the energy of the economy, and make better use of the labor, arable land, and materials potential in order to produce many goods for society, support the people's lives, and make positive contributions to fighting inflation.

After the country was liberated, we built a banking system having branches in the provinces and districts. But the banks' operating contents are still poor, capital has gradually dried up, they still have a state subsidies nature, and they rely mainly on printed money. They have fulfilled only part of their state management role with respect to currency, and their currency business role is very weak.

The thing that should be noted is that we have not made effective use of the experiences of the world banking system, and we have not organized a unified currency market in the country. Thus, the banking system has not provided much help in eliminating the natural economy, and it has not played a role as "midwife" in developing a commodity economy in our country. In a commodity economy, once there are commodity markets, there must be currency markets. If there is competition on the commodity markets, there must be competition on the currency markets. This is what stimulates the social economy to grow. For a long time now, in our thinking, we have usually given attention to commodity activities and slighted currency activities. This has created even more problems for our country's economy.

Commercial production, regardless of the type of commodity, always leads to one of three results: break-even in business operations (at which point the person will discontinue production and business activities), a loss (which can lead to bankruptcy), or a profit (which will stimulate the person to continue production and business activities). The same thing is true in the currency business. In the currency markets, some people lend out money and others borrow money. Lending money is the same as "selling" money, and mobilizing capital is the same as "buying" money. The "cost" in such transactions is the loan interest rate. A special characteristic of the currency market is that loans are paid back with interest. And a special feature of the currency business is that making loans must be tied to the use of the loans in order to increase the social product. For a long time now, we have usually slighted this special characteristic, thinking that every loan is a currency activity. Thus, making loans has been very easy. Loans have been made to pay off non-productive debts, to compensate for budget deficits, and even to carry on activities not in accord with the stipulated objectives. Borrowing money and disregarding the principles of the currency business will just increase the means of payment but will not increase the material goods. This will lead to inflation or make inflation even more serious and result in a loss of capital.

Looking back at the past stage, we can understand the lack of understanding concerning the currency business and the use of money to regulate the national economy at the macrocosmic level. The time has come to reorganize the banking system based on making use of the laws and the achievements scored by man in the field of banking. In order to switch the banking system to economic accounting, in my view, we must concentrate on the following:

Business banking is actually commercial banking. It is organized based on the need to provide capital and technology to the commercial production installations. Stated another way, along with the commodity production and circulation market system, there must be a banking system in order to supply capital and to inspect and stimulate the production and business activities of the economic installations using economic measures. The commercial banking system is tending more and more toward integrated multi-sector business. The activities of the commercial banks are tied to the activities of the markets. The banks do not depend on administrative boundaries in order to form market points but spread based on the expansion of the commodity economy. In the past period, our commercial banks continued to establish ward and district branches based on the administrative units. That reduced the results of the currency and credit business, because in some places, the sector restricted activities to a few bookkeeping tasks in recording loans or payments sent in. This weakened the business concepts and capabilities of the banking cadres. Not only did the banking units in these places fail to have an effect on economic development but they also used

printed money to aid the budget. This created dependency on the part of the local financial units. If many banks are established but the volume of trade is small, there will be losses, and the banks may even be transformed into places of speculation, which will create even more difficulties for the economy.

Once commercial banks have been organized, there must be capital. At a time when capital is limited, establishing many banks by relying on money printed by the state will generate more credit inflation and cause the dong to lose value.

In today's conditions in which there is a shortage of capital, establishing public banks alongside the state banks is rational. The stock system is a necessary product of a commodity economy. This will contribute to enlivening the activities of the banking system and will allow us to implement the policy of separating ownership rights from management powers, greatly limit direct interference by the authorities in the commercial activities of the banks, and because of this, enable the banks to really be effective business subjects. Having public banks will enable us to mobilize and assemble the idle capital in society in order to expand production. Mobilizing capital through the system of shares has many advantages and will effectively supplement the other measures.

In our country's present condition, public banks have great capabilities for taking the initiative commercially. For example, they should be masters in making loans and recovering the capital in accord with the credit contracts. They should fulfill their responsibility of protecting their customers' deposits, and they should limit the overage debts of the economic units to the lowest amount possible. The public banks will create additional "competition" in the banking system in order to improve the quality of the bank operations and techniques. The commercial banks must compete on the markets not only by raising or lowering interest rates but also by improving the quality of bank operations and techniques. This will force bank specialists to have commercial skills. Not only will they have to stay abreast of market information, be energetic, and be skilled in banking operations, but they will also have to have some understanding of science and technology in order to serve as consultants to their commercial targets. Only if there is "competition" can we expect a quick end to the present weaknesses. (To make a deposit, people have to wait for hours. People want to settle their accounts quickly, but the documents take months to arrive, or they are sent to the wrong address.)

The activities of the commercial banks have been concretized in three types of activities: liability activities (meaning mobilizing capital and accepting deposits), asset activities (meaning making loans), and commercial middleman activities (meaning serving as consultants for production and business units, standing guarantee, providing market information, storing documents and valuables, and so on). These three types of activities are

closely related to each other. They help each other, stimulate mutual expansion, and create prestige for the banks. Only by mobilizing capital can there be money to loan. Only if good loans that promote economic development are made will there be money to mobilize. At the same time, to make good loans and mobilize capital well, the banks must do a good job in carrying out their middleman tasks. This synchronized coordination has become a law in banking operations and created an integrated, multi-sector commercial tendency among the commercial banks. The activities of our specialized banks are limited depending on the economic sector (industry and commerce, agriculture, and so on) or depending on the operational sphere (foreign commerce.) Thus, they cannot compete (the banks can't choose their customers, and the customers can't choose which bank they want to serve them), business has not expanded, and operating contents are poor. For a long time now, we have failed to give the proper amount of attention to professional techniques. We have separated the three types of banking activities in a "simple-minded" way, and this has had many harmful effects. The banks use professional techniques to disburse money by recording loans in the loan accounts and charge accounts of the borrowing unit, which is like making an "imaginary deposit" (which replaces giving cash to the borrower by recording this in the accounts without directly forming liabilities). Making journal entry loans (instead of making loans in the true sense of the term) has created a false shortage of currency. This limitless credit expansion is one of the things that has led to the situation in which the accounts of the economic units have very large balances, but the units are starved for cash. But the banks don't have sufficient cash to satisfy the needs of their customers. Since the 19th Century, analyzing the relationship between the three types of banking activities, economists have concluded that the liability activities form the basis for expanding the asset activities. In principle, the liability activities appear first, and the amount of assets depends on the amount of liabilities. This is the way to maintain the payment capabilities of the banks and maintain their prestige. Reality has shown that for a long time now, our banks have been doing things in the opposite way. Asset activities appeared before liability activities, and loans created imaginary deposits.

The operations of the banking sector normally focus both on loaning money and gathering capital. But today, our banks just make loans. They have not gathered capital for the strategic economic sectors and major production and business units. Once capital has been accumulated, the banks, too, will bear responsibility. They will worry about and struggle to ensure the survival and economic, technical, and commercial development of these units. If these units suffer losses and go bankrupt, the banks will lose investment capital. Coordination between making loans and accumulating capital depends on the standards, particularly the capital sources of the banks. If the sources of capital of the banks permit it and the banking cadres do an excellent job,

accumulating capital for the large production and business units will have a greater effect on building the country's economic structure.

On the relationship between the state bank and the commercial banks: The state bank uses special tools in order to regulate the currency and credit policies and activities of the commercial banks at the macrocosmic level. The main tools of the state bank include printing money and implementing discount, open market, minimum reserve, and deposit policies. These are important tools that create the conditions for forming nationwide currency and capital markets (including markets for bonds and share-certificates) or for replacing the traditional regulatory measures of the state bank. Using these tools, the state bank can control the currency and credit policies, adjust interest rates, control the payment capabilities of the banking system, and effectively mobilize the financial sources of society. For a long time, these tools were not used in the socialist countries, because they were regarded as special tools of the capitalist economy. Actually, the economic tools can be used to benefit anyone depending on the social system. Today, we have a new understanding concerning the economic nature of these tools. The difference between socialism and capitalism is not in the form but in the social contents of the economic tools. The principal criterion for evaluating the effects of the economic tools is the interest of the economy and society. The other problems, such as the problems of income and social fairness, for example, must be solved using various means such as tax policies and a system of social insurance. Socialism has the ability to make effective use of these in order to solve the financial and credit problems and the pressing economic problems, such as distribution and redistribution of the capital among the production and business units, and to stimulate the growth of the commodity-currency relationships. With the forms already considered and

with rational standards, these tools will enable the banking system to renovate its operations contents and help the economic units implement the principles of commercial independence and financial self-sufficiency so that they don't have to rely on budget allocations.

Loan interest rates are very low, and in lending money, the banks have not followed the principles of the currency business. This has encouraged the enterprises to use the money borrowed to accumulate raw materials and commodities (the value of the inventories at the economic units is too high, and the gross value of the inventories has increased faster than production) and even to "engage in currency activities." And through engaging in "currency activities," some enterprises have made a much greater profit, and more easily, than they could have if they had used the capital for production activities. It can be said that to date, a number of state enterprises have managed to survive thanks to relying on bank credit rather than on production and business activities. Their ability to live securely on bank credit without having to make an effort in production and business has ruined many managers. Money has come to be regarded as "strength given by heaven." With such views, some party and state leaders have looked for ways to influence the banks and demanded much credit for their enterprises, agencies, and zones. As a result, means of payment surpluses have gradually accumulated here over a long period, and these surpluses are now so large that they cannot easily be eliminated all at once through circulation. And what is surprising is that none of them has gone bankrupt. But our country has grown poorer and poorer because of this. The habit of valuing commercial forms that do not bring results and that are wasteful has dealt a strong blow to the stability of the dong. We cannot have a "good" dong if the economic units carry on production and business activities poorly. We will have a stable currency only if we improve the results of the economy and balance the state budget.

**Distribution of the National Income During the Initial Stage of the Transitional Period in Vietnam***912E0048B Hanoi TAP CHI CONG SAN  
in Vietnamese No 7, Jul 90 pp 17-22*

[Article by Le Nhu Bach, high-level economics specialist]

[Text] During the past several years, in implementing the resolution of the Sixth Party Congress, the party and state have put forth policies to regulate the economic structure, develop a multi-faceted commodity economy, eliminate the state subsidies mechanism and switch to socialist economic accounting, expand foreign relations, and renovate a number of things in macrocosmic economic management concerning planning and the currency circulation policies. These policies have achieved important initial results. The economy is developing. That is, it has become more dynamic and effective, and commodity production has increased. Inflation has been halted, the purchasing power of the dong has been stabilized, prices are more stable, and the people's standard of living has gradually been stabilized. In such a situation, we must quickly change the policy on distributing the national income. But unfortunately, we have not done that, and there are still some important shortcomings.

First, we have not adequately calculated C1 and C2 depreciation in product costs, which has led to an excessive use of capital and created a situation in which there are "false profits and real losses." This has generated a false increase in the national income.

Second, in initial distribution, too little "V" has been left for the laborers. The wage system, which is characterized by average-ism and state subsidies in kind, has not undergone any basic changes since 1962 and so it cannot ensure reproduction of the labor strength and cannot stimulate technical, productive, and quality labor. On the other hand, the state has not implemented policies and measures to regulate the excessively high and irrational and illegal incomes in society. As a result, it has not been possible to ensure social fairness, and negative phenomena have expanded.

Third, social consumption has increased very rapidly, and it has a state subsidies nature. Management expenses have increased rapidly, because the management apparatus is too large. Special rights and privileges, corruption, and waste of social property are still serious problems.

Fourth, accumulation has been ineffective. Capital construction investments for production have been made mainly with borrowed funds, and the results have been very poor because of the irrational structure, loose management, and large losses. As a result, the state budget has suffered heavy losses.

Fifth, foreign economic activities have not been carried on well, and many mistakes have been made, starting with signing [contracts]. The national income has risen

mainly because of borrowing money and importing more than we export. Very little or no foreign currency has been earned. Our foreign debt is increasing constantly, and it is becoming more and more difficult to pay the interest and the international debts.

Sixth, the national income mobilized for the budget is declining. Receipts from the state economy accounted for 70 percent during the 1960s, but today, this has declined to about 50 percent of the national income (if we exclude price differences and compensation for commercial production losses, the figure is only 30 percent). Income mobilized from the small industry and handicrafts sector is only 10 percent. It is only 20 percent in the commercial and service sector, and in agriculture, only 7-8 percent is obtained from the average grain yield.

The time has come to conduct a study and formulate an all-round and synchronized national income distribution line along with specific policies and effective measures to implement that line in order to successfully build socialism in our country.

As for the national income distribution line in our country, during the initial stage of the transitional period, the following basic viewpoints and principles must be understood thoroughly:

1. Capable support must be provided for hitting the socialist construction targets in our country. "Steps must be taken to hit these targets though correct viewpoints on socialism and suitable forms, steps, and measures." [Footnote 1] [Resolution of the Sixth Plenum of the CPV (Communist Party of Vietnam) Central Committee (Sixth Term)]

2. Steps must be taken to implement the socioeconomic strategy of the party.

3. Commodity production must be expanded with ever higher productivity and quality and greater and greater results. The capital of the various economic elements in the country must be mobilized for production and business in accord with the lines and policies of the party and state. An effort must be made to attract and make effective use of foreign capital. A rational economic structure must gradually be built, and steps must be taken to ensure that the national income increases faster than the population growth rate (population growth must be limited to a suitable level). Jobs must quickly be created for the surplus laborers.

4. The relationship between accumulation and consumption must be handled rationally based on the following principles:

The increase in accumulation and the increase in consumption must not exceed the national income used.

Priority must be given to accumulation based on stabilizing and expanding production, constantly improving the results of accumulation, and increasing the sources of capital from within the national economy. At the same time, state subsidies in social consumption must be

eliminated, and individual consumption among the sections of the population must be regulated based on benefiting the laborers and bringing about social fairness. In general, the level of consumption must increase slower than labor productivity and the national income produced.

5. The harmonious development of the economic sectors must be ensured. Priority must be given to developing the leading and key sectors. A correct relationship between industry and agriculture and between the production materials industry and the consumer goods production industry must be maintained. Above all, agriculture must be regarded as the leading front, and the production of export goods must be regarded as an extremely important "spearhead." Attention must be given to doing research, to importing and applying advanced techniques and technology, to building the infrastructure, and to formulating population plans.

6. Steps must be taken to ensure that the regions and localities develop harmoniously and that the strengths of each region are exploited fully. Economic zones "open" to the outside must be built, and the relationship between the special economic zones and export processing zones and the economic zones in the country must be handled well. The economic differences and differences in living conditions between the mountain and lowland areas and between the urban and rural areas must be narrowed and gradually eliminated.

7. Distribution of the national income in kind and by value must be unified. The accumulation fund must be increased in accord with the volume of materials, amount of equipment and manpower, and volume of commodities that can be obtained. The incomes of the people must be increased in accord with the increase in the volume of consumer goods in society. There must be effective measures to deal with things whenever there is a loss of balance.

8. The unified policies of the finance, credit, wage, and price spheres must be maintained, and these must have a synchronized effect based on unified targets and suitable steps in order to have a rational distribution of the national income and to satisfy the requirement of stabilizing and developing the economy and society.

9. The distribution and redistribution function, the inspection and control function using currency, and the lever function of socialist finance must be exploited fully. The administrative role of the state budget (with the central budget providing guidance) must be maintained in expanding production, carrying on distribution for accumulation and social consumption and regulating individual consumption, and forming a rational economic structure.

10. A mass movement must be organized and launched in order to implement savings in production, consumption, and daily life. Socialist assets, our natural resources, and the environment must be resolutely protected. Macrocconomic management and inspection and

control must be strengthened. Corruption, waste, bureaucratic centralism, and other negative phenomena must be resolutely opposed, and the destructive plots of the enemy must be smashed.

The national income distribution and redistribution line of the party must be concretized in the form of accumulation, consumption, financial, price, wage, and currency policies and turned into law. The thread running through all of these policies is the correct handling of economic interests in order to expand consumer production, increase labor productivity, reduce material waste, quickly increase the national income, strengthen the material base of socialism, and stabilize and gradually improve the lives of the laboring people.

The guidelines and measures for quickly increasing accumulation in the coming years include the following main points:

1. The accumulation and concentration of capital by the economic elements must be stepped up to meet the production and business expansion needs. The state must implement synchronized policies in order to create a production and business environment, and steps must be taken to attract the potential sources of capital among the people for accumulation.

2. The investment capital of the state must be used in a concentrated, resolute, and highly effective way in order to build a rational economic structure.

In the national economy, based on reorganizing production, there must be intensive investment in order to synchronize the production chain, renovate industry, and apply the scientific and technical advances.

In the collective economic sector, there must be policies to attract the idle capital, develop the sectors, and attract more and more laborers to production.

3. Attention must be given to investing in science and technology and population planning. The scientific and technical gap between our country and the world must be narrowed and finally eliminated, and the population growth rate must be reduced to below 2 percent a year.

4. Attracting foreign investment capital must be promoted (including capital from overseas Vietnamese). This is a very important source of capital for supplementing domestic investments, and this is a lever for expanding domestic production at a high rate, for obtaining advanced technology and management techniques, and for providing jobs for laborers here. We must carry on joint ventures with other countries more and more effectively.

We must vary and improve the results of foreign economic activities, particularly foreign commerce, the processing of goods for export, and foreign services. The sources of foreign currency must be increased, and these capital sources must be managed carefully based on having the central state gather and control the foreign currency at the necessary level. The situation in which



the sectors and localities make arbitrary use of and waste this foreign currency must be stopped.

5. International relations must be expanded and strengthened in order to obtain aid and loans from other countries and from economic organizations on fair terms, with both sides profiting. Things must be calculated carefully, and effective use must be made of the aid and loan money. Our ability to repay the principal and interest on time must be maintained.

6. The effect of the investment capital must be increased by clearly determining investment guidelines and the investment results of each project. The state must carry out its function of providing guidance and encouraging collectives and individuals to invest based on the direction of the state plan. And it must manage and balance all the investment capital in society and put a stop to overextended and ineffective investment.

7. Most of the accumulated capital must be reserved for obtaining the technical materials and consumer goods needed by the country. The state's reserves of strategic materials, grain, gold, and foreign currency must be increased. Storage and rotation must be organized well, damage, losses, and theft must be opposed, and the rate of rotation of materials and commodities must be accelerated. Steps must be taken to quickly discover and handle situations in which materials and commodities are stagnating and are of poor quality.

The consumption policies must set correct guidelines and measures for resolving the present conflicts and imbalances in consumption in accord with the following:

1. The rate of growth of consumption must be slower than the rate of growth of labor productivity and the rate of growth of the national income produced. We must stop borrowing money abroad to pay for consumption. Effective measures must be implemented in order to economize in consumption.

2. The rate of increase of social consumption must be slower than the rate of increase of individual consumption. State subsidies must be eliminated in social consumption, the staffs and administrative expenditures must be greatly reduced, and expenditures for national defense and security must be reduced to a rational level. Business and cultural activities must switch to the formula of revenues covering expenditures. The formula of the state and people working together must be turned into law, and direct social policies must be implemented with respect to the targets affected by the policies.

3. Social consumption must expand evenly among the regions and localities. Priority must be given to the ethnic minority areas, mountainous areas, remote areas, and new economic zones. Expenditures for social consumption must be effective, and they must be made in accord with rational norms.

4. As for individual consumption, the motto of economizing in every way possible must be understood fully, a

simple and wholesome way of life must be extolled, luxury and waste must be opposed, the use of domestic goods must be encouraged, the "reverence" for foreign goods must be eliminated, and the use of luxuries must be opposed.

There must be a thorough understanding of the principle of distribution according to labor in the national and collective economies. There must be a basic reform of the wage system, and the incomes of the laborers must be increased. People must be encouraged to become wealthy through honest labor. This must go hand in hand with regulating incomes that are excessively high or irrational.

5. Social insurance and social protection must be studied and organized as separate funds. All of the people must contribute to implementing the social policies of the party and state. The state's insurance system must be expanded in the various spheres of daily life.

In order to implement the national income distribution line as discussed above, suitable financial policies and measures must be used in close coordination with price, salary, and labor wage payment policies in order to form a rational accumulation fund and consumption fund in each period.

National financial policies and specific policies on mobilizing domestic and foreign capital must be formulated and promulgated soon. Investment, credit, and currency policies must be promulgated. Of these, the most important are the budget laws, the tax system, the individual income tax policy (including income taxes for foreign citizens working in Vietnam and Vietnamese citizens working for foreign corporations engaged in joint ventures with us), the policy to unify the control of foreign exchange, the import-export tariff policy, and the credit rate and currency business policy. On the other hand, the financial management mechanism must be renovated, currency and credit must be controlled, the system of financial organizations must be renovated, and the number of capable cadres of good quality must be increased for the financial organizations at the central echelon and other echelons, in the sectors, and at the bases.

As for price policies, state subsidies must continue to be eliminated in the price of equipment, materials, and fixed assets and in production and business, and [prices] must be tied to international market prices. We must shift from a direct pricing mechanism to an indirect pricing mechanism. The state must fix the prices of only a number of products for which it has a monopoly on production when this is necessary for the social economy of the country. But there must be not state subsidies through prices. The optimum ratio must be determined between the price of technical goods and agricultural products, and economic measures must be used to protect production.

The wage system must be reformed by implementing distribution based on labor, the need to reproduce the

labor strength must be satisfied, forms of average allocation and "special rights and privileges" must be eliminated, and wages must be paid in cash. There must be a rational difference between scientific and technical and high-level labor and simple labor. Talented and highly productive people must be treated appropriately. Wages must be paid in accord with the labor results and economic effects. There must be a mechanism to ensure that wages increase more slowly than labor productivity. Discipline must soon be reestablished in paying wages and bonuses (the payment of wages and bonuses in disregard of the principles is doing great damage to the finances and assets of the state and creating conditions for the growth of negative phenomena).

As for the agricultural sector, the quota mechanism must continue to be perfected in order to raise the incomes of the peasants in the cooperatives. A social insurance fund must soon be established for cooperative members.

The national income distribution line and the accumulation and consumption policies must be quantified using specific plans for the five-year and annual plans. In this, determining the ratio relationship between accumulation and consumption holds a central position. This must be done in a scientific manner, there must be inspections, things must be studied carefully, and subjective or crude methods must be avoided.

Organizing, guiding, and implementing things must be done carefully, quickly, and uniformly, and unity must be maintained between distributing the national by value and distributing the national income in kind. Immediate action must be taken whenever imbalances occur. Macrocconomic management of the national economy must be strengthened. Inspections, inventories, and control by the state must be strengthened. Statistical activities must be strengthened, and the production and distribution situation and the use of the annual national income must be analyzed in order to have measures to handle things promptly and effectively.

## Research

### Traditional Culture in the National Development Strategy

00000000 Hanoi TAP CHI CONG SAN in Vietnamese No 7, Jul 90 pp 23-27

[Article by Nguyen Van Huong; not translated]

## Exchange of Opinions

### Modify the Economic Structure To Create More Jobs for Laborers

912E0041A Hanoi TAP CHI CONG SAN in Vietnamese No 7, Jul 90 pp 28-33

[Article by Dong Thao]

[Text] There are many things that must be done in order to create jobs for laborers and make full use of the social labor, but these can be divided into two main tasks: modifying the economic structure and renovating the economic policies. In this article, I would like to discuss a number of ideas concerning modifying the economic structure.

1. Build a national economy having a "two-level structure": a social economy and a family economy.

Reality has clearly shown that by unifying ownership rights and use rights (meaning business rights), the family economy has achieved great results with respect to making full use of the arable land and labor, producing many commodities for society, and increasing the incomes of the families. Today, the family economy in our country supplies about 90 percent of the vegetables, fruits, meat, eggs, and fish; 20-30 percent of the grain fund; and a percentage of the consumer goods and export goods. It provides about 50-60 percent of the incomes of the cooperative members and about 10-12 percent of the incomes of the families of workers and civil servants. There are now many rich families and wealthy villages, and "family enterprises" and "garden cities" have appeared. In Ha Son Binh Province, there are more than 50,000 people who are carrying on excellent family economy activities and whose annual incomes are between 2-3 million dong and several tens of millions of dong. Thus, although not everyone agrees, I think that expanding the family economy is a very basic solution for creating more jobs for laborers and soon having a prosperous and strong country. In order to expand the family economy, there must be new viewpoints and policies as follows:

The family economy must not be viewed as a secondary economy or as "extra work" for workers, civil servants, and cooperative members. Every family must be viewed as an economic organization and as an autonomous business unit that can use labor just like other business units. The model of the family economy must not be just

VAC [truck farming, pisciculture, and animal husbandry] but VACC (VAC plus small industry).

The family economy must be regarded as an element of the national economy based on a two-level structure: social economy and family economy. That means that the economy will expand based on a "compounding" process of both socialization and "family-ization." Those things that can be done well out in society must be done in society, and those things that can be done well in the family must be done in the family. Our country will become prosperous and advance using two feet: the social economy and the family economy.

The country should reserve about 20 percent of the fields and forests in order to give or sell this land to peasants for family economic activities. There is no need to worry that this will result in the loss of much "residential land," because only 20-30 percent of this is actually residential land. The rest is farm land. And as we know, "garden farming" [canh vien] is five-10 times more effective than "field farming" [canh dien].

There must be a new viewpoint on housing. Housing has two functions. It serves as a place to live and as a place to carry on family economic activities. From this must come a new policy on building housing, with an additional area allocated for carrying on family economic activities. In the cities, houses with two types of spaces can be designed: kitchen and toilet space and living and production space without partitions. The families will build and change the partitions themselves in accord with their living and production needs. In the rural areas, in general, two-story houses should be built in order to save land and provide convenient living quarters and production places.

A very important point is that the state and collective economies must guide the family economy so that it develops in accord with the general plans of each region. On the other hand, the lead-in and lead-out services must be organized well to help the family economy develop in the right direction and become a commodity economy.

2. Expand the rural economy in all respects, including agriculture, forestry, pisciculture, and rural industry.

a. The basic guideline is to give priority to expanding agriculture in all respects, engaging in both intensive and specialized agriculture. All-round expansion includes 10 groups of plants (grain, legumes, vegetables and fruits, plants containing sugar, plants containing oil, plants containing fiber, tobacco plants, plants for fodder, trees to obtain firewood, and special use plants), six groups of animals (bovines, hogs, poultry, marine products, bees, and special products), and six sectors (the processing of agricultural, forestry, and marine products; the production and repair of agricultural implements; the production of building materials; the production of consumer and export goods; transportation; and capital construction).

Attention must be given to growing labor-intensive crops such as mulberry trees, jute, and rushes. Some places have calculated that planting 10,000 hectares in jute and processing the jute will create jobs for 100,000 people. A number of specialized agricultural cultivation areas must be built, such as rice and subsidiary food crops areas, industrial plant areas, animal husbandry areas, special products areas, and so on. Great attention must be given to intensive cultivation, and steps must be taken to implement the mottoes "cultivate the fields like gardens" and "tend the forests like the fields" so that each hectare of land can employ one-two laborers.

b. Forestry must be expanded based on switching from state forestry to "social forestry," with the basic contents as follows:

This is forestry "by the people and for the people." Steps must be taken to ensure that the people stick close to the forests and view the forests as their property. They must not stick close to things for just one cycle, that is, from the planting to the final division of the products. Rather, they must "stick close" to things over the long term, from one cycle to the next, from one generation to the next over and over again.

The target of social forestry is not just the forestry cadres and workers. The target is all the people: all the people engaging in forestry work and the entire country planting forests.

The formula of social forestry is:

Continue to implement the policy of transferring land and forests in order to soon transform the ownerless forests into "owned" forests, guide and help the people build "forest gardens," and move in the direction of building forestry villages and towns.

Continue to implement "coordinated agriculture and forestry" in order to soon lay down a carpet of forest vegetation throughout the territories and contribute to protecting the environment and maintaining the ecological balance.

Promote crop growing movements in the cities and towns, and advance toward fulfilling the norm of each person having five square meters of green plants.

Coordinate things correctly between state forestry and the people's forestry. In general, the state forests should be transformed into scientific and technical forestry service centers to provide good support for forestry lead in and lead out.

c. Rural area industry must be expanded. Today, our rural area industry consists of almost 14,000 production installations, employs more than 500,000 laborers, and produces about 10 percent of our consumer goods. The realities in a number of sectors in Ha Bac, Ha Son Binh, Ha Nam Ninh, Dong Nai, and Cuu Long provinces show that in places where rural industry is functioning well, there are many commodities there, the standard of living is good, and the villages and hamlets are bright and

cheerful. The experiences in Taiwan and China show that rural industry can employ 30-40 percent of the rural laborers and produce a higher commodity value than the agricultural commodity value. Thus, in order to contribute to making full use of the rural labor and renovating the face of the rural areas, rural industry must be greatly expanded.

Rural industry must above all support agriculture, forestry, and pisciculture with the aim of increasing use value, increasing the value of agricultural, forestry, and marine products, and expanding the commodity economy in the rural areas. Along with solidifying and developing occupations (under the form of specialized and semi-specialized small industry and handicrafts cooperatives and occupational units), rural industry must be greatly expanded among the rural families. Steps must be taken to turn each family into a mini industrial-agricultural enterprise. Most rural industries will be small in scale. The technology of the rural industries will be traditional technology combined with modern technology. A number of sectors can become involved with new technologies with the aim of improving product quality and providing good support for consumption and exports. There must be policies to encourage many technical and industrial cadres to return to the rural areas in order to contribute to expanding rural industry.

### 3. Expand industry and services.

Agriculture is the leading front, but an effort must also be made to expand industry and services, because these two sectors are using more and more social labor.

There must be a flexible industrial structure based on giving priority to expanding those sectors that have many advantages, that generate high profits, and that can attract many laborers. Studies must be done soon in order to concentrate on developing a number of key industrial sectors such as the biology and electronics industries. In order to create more jobs, first of all, attention must be given to expanding those sectors and enterprises that can attract many laborers such as weaving, the processing of ready-made clothing for export, the assembly of electromagnetic goods, and so on. The small industry and handicrafts sector must be expanded greatly based on modernizing and refining the sector. Reality has shown that expanding the small industry and handicrafts sector does not require large amounts of investment capital from the state (of which we have a great shortage), but this sector can attract many laborers (of whom we have a great surplus). Today, the small industry and handicrafts sector employs approximately 2 million laborers. If we implement policies to stimulate growth, this sector can easily attract another 1-2 million laborers.

In a modern economy, in addition to industry and agriculture, services also form a very important sector. The service sector is not a "non-productive" sector as many people think. Rather, it is a "non-material" production sector. This sector encompasses very broad

contents, from the production of intellectual products such as science and education and from services tied to production such as commerce and banking to administrative services and services related to living conditions that are aimed at supporting the economy and standard of living. Expanding services does not require much investment capital, but this can attract many laborers. In the developed countries, the service sector normally employs 50-60 percent of the social labor and accounts for 50-60 percent of the gross national product. We must give much attention to this sector and expand it in line with the industrial and agricultural sectors. To do this, laborers must be made to see that the service sector is just as valuable as any other sector. The state must organize and manage the service sector like one of the country's key economic sectors.

#### 4. Build an infrastructure.

In a broad sense, the infrastructure is the material and spiritual condition of expanded reproduction. The three main spheres of the infrastructure are: the communications, transportation, and information system, the energy system, and the water supply and drainage system. It can be said that the infrastructure and production are like water and a boat. Only if the water rises will the boat rise. With our country's small and backward infrastructure, the economy cannot be developed and full use cannot be made of our social labor. Thus, in modifying the economic structure, priority must be given to building and developing the infrastructure. The following are some of the pressing and basic problems of the infrastructure:

The decline of communications must be stopped, and communications and transportation must continue to be expanded with the aim of providing good support for developing the economy and improving the standard of living. Preparations must be made for expanding sea and air transportation.

The information and liaison system, including both the domestic system and telecommunications, must be expanded quickly, quality must be improved, and information services must gradually be expanded.

The electricity network and sources of electricity must be balanced, and sources of electricity must continue to be expanded in places that lack electricity in order to ensure that electricity constantly makes progress.

The water sources must be exploited and used rationally in order to provide water for production and daily life. The supply and drainage of water must be organized well, and attention must be given to protecting our water resources.

Infrastructural plans must be formulated soon, and efforts must be concentrated on building up the infrastructure in a number of key localities, above all in the special economic zones and places that have a relationship with other countries. The state must set aside 40-50

percent of its budget funds and implement policies to raise capital from the people and other countries for this work.

#### 5. Make broad use of the economic elements.

Along with modifying the structure with respect to production forces, special attention must be given to modifying the structure regarding production relationships, which means unifying the policy on a multifaceted economic structure. This is a major policy aimed at freeing the production strength and contributing to making full use of our social labor.

The general viewpoint is to make broad use of the economic elements in accord with the principle of advancing to socialism, having the national economy hold the key positions, and exploiting those elements that are more profitable and not replacing them with other elements. The various economic elements must be treated equally on the political, economic, and social fronts. There must be joint ventures between the economic elements, and conditions must be created to enable the economic elements to cooperate and compete with each other.

Using every means possible, the results of the state economy must be improved so that the state economy can manifest its guiding role. Possible solutions include solidifying a number of large businesses and organizing them as national corporations so that they can serve as pillars for the economy. A number of state economic installations can be turned into public corporations or state capitalist enterprises. Collectives or private individuals can be allowed to rent a number of state installations in order to carry on business activities and pay business taxes to the state. As for a number of state installations that have been operating at a loss for a long time and that cannot be solidified or expanded, these can be integrated into other state installations that are doing well, or they can be privatized or disbanded depending on the specific conditions.

The collective economy must be solidified based on making a clear distinction between cooperativization and collectivization of the means of production. Some of the assets of the cooperatives are owned by the collective and some are owned by the cooperative members. The income of the cooperatives must be distributed based both on labor and on shares. Organizing or disbanding a cooperative and requesting to join or leave a cooperative must be based on the production requirements, and everything must be completely voluntary.

The long-term existence of the private economy (including individuals, small owners, and private capitalists) must be accepted when this is an economic necessity. Private economic forms can be developed in the production, building, transport, and circulation spheres when this is not prohibited by law in order to contribute to making full use of the social labor. All prejudices and irrational treatment of the private economy must be eliminated.

#### 6. Expand the economic zones.

Along with expanding the economic sectors and economic elements, there must be a policy to expand the economic zones in order to redistribute the social labor throughout the country in a rational way. The problems that need to be given attention are:

The Mekong Delta must be built up and turned into the largest grain and agricultural commodity production area in the country based on carrying on intensive cultivation and expanding the area in conjunction with developing the infrastructure. High-producing rice zones must be formed based on exploiting more than 1 million hectares of alluvial soil along the Tien and Hau rivers. Long-term and short-term industrial crop areas must be built together with processing industries. We must plant 100,000 hectares in mangrove trees along the coast in conjunction with raising shrimp. Can Tho City must be turned into the large industrial center of the region.

The Red River Delta must be turned into the country's second largest grain area. This area needs new varieties, fertilizer, insecticides, and energy in order to intensively cultivate grain crops and short-term industrial crops. Rural industry and services must be expanded greatly in order to create more jobs for laborers. Full use must be made of the industries of the cities in the area in order to support agriculture and expand commodity circulation between the cities and rural areas.

There must be synchronized investment in order to effectively exploit the Bac Bo midlands and mountain areas. Long-term industrial crops and special-product crops must be grown. The infrastructure must be built up, and exports and imports must be reviewed thoroughly in order to have rapid economic and social development in this area. Favorable conditions must be created for settling the nomads and attracting laborers from other places.

In the coming years, in the northern Trung Bo area, efforts must be concentrated on growing short- and long-term industrial crops and planting economic trees. The rice areas must be cultivated intensively in order to solve the grain problem. The agricultural, forestry, and marine products processing industry and the building materials production industry must be expanded. Vietnam must cooperate with Laos in obtaining and processing forest products and gypsum.

As for the central coastal area, attention must be given to expanding the marine products and fishing sectors and to increasing the productivity of the salt flats. Intensive cultivation must be promoted in the rice and subsidiary food crops areas in order to satisfy the grain needs in the area. The existing forests must be exploited and replenished, and the planting of economic trees must be promoted. Danang City must be built up and turned into the industrial and tourist center of the area.

The forest and long-term industrial crop economy must be the main target in order to develop the economy of

the Central Highlands. At the same time, short-term industrial crops must be grown, livestock and poultry must be raised, and medicinal plants must be grown and exploited. The bauxite mining and enrichment industry must be expanded in cooperation with other countries. The infrastructure must be strengthened, and conditions must be created to expand and redistribute production in the area.

In eastern Nam Bo, the potential of the cities and existing industrial zones must be exploited. The production of consumer goods must be greatly expanded, and the construction of industrial zones to drill for and process oil and gas must be stepped up. Agriculture must be expanded in all respects in conjunction with the processing industry. Cooperative programs must be implemented, agricultural, forestry, and marine products must be processed for export, and tourism and services must be expanded.

The seven areas mentioned above can be combined into three large zones in order to have concrete development plans as part of the strategy to the year 2000:

The Hanoi-Haiphong-Quang Ninh zone and the Lang Son, Yen Bai, and Lao Cai secondary zones.

The Ho Chi Minh City-Vung Tao-Con Dao zone.

The Danang-Hue-central coast zone.

#### 7. On developing the cities.

In order to enable the rural areas to draw closer to the cities, limit the flow of people from the rural areas to the cities, and contribute to protecting the environment and achieving ecological balance, we will urbanize the country based on a new model with two types of cities:

In the urban areas, besides the capital of Hanoi and Ho Chi Minh City, about 200-300 small and medium-sized cities will be built at the provincial seats and in the cities, town, industrial zones, and concentrated population points on a scale of 100-300,000 people. These cities will be improved and built based on a new model in order to protect the environment.

In the rural areas, about 2-3,000 "garden cities" will be built at 2-3,000 basic population points on a scale of 10-30,000 people. The cells of these cities will be gardens and houses, with each household having a garden approximately 1,000 square meters in size and a one- or two-story house in which to live and carry on family economic activities. In these cities, besides agriculture, family and rural industries will be broadly expanded to enable these cities to gradually have an industrial production nature and the features of urban life. These cities will have a convenient communications system, and in the future each household will have electricity and water.

#### Vietnamese Literature and Loyalty

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 7, Jul 90 pp 34-37

[Article by Bui Hien; not translated]

**Improve Currency Circulation**

912E0089A Hanoi TAP CHI CONG SAN  
in Vietnamese No 7, Jul 90 pp 38-43

[Article by Nguyen Hoang Thanh; Cuu Long State Bank]

[Text] Several years ago, banks switched to a new mechanism, and the banks' operating apparatus was divided into two parts: the state bank and specialized banks. That was an important event in the banking sector. The thing to note is that this shift to a new mechanism is not just a rearrangement of the organizational structure but also a change in the nature of the sector's economic operations.

After switching to the new mechanism, during the first months, the banking sector achieved encouraging results and contributed to developing the economy in accord with the spirit of renovation of the Sixth Party Congress. In improving currency circulation, the banks have actively looked for ways to attract and manage capital in all the economic elements. Based on this, they have made loans, served the targets based on currency-credit management and business principles, and hit the economic and social development targets. Reality shows that bank capital has increased greatly, with some banks increasing their capital several tens of times.

However, since the beginning of 1990, the operations of the banking sector have become dispersed and separated from economic and social results. Above all, people have seen displays of formalism by almost all the banks. Some people have called this the "golden age of the banks." Many primary-level banks have not given the proper amount of attention to creating and supplementing capital. Instead, they have thought about purchasing means and equipping their offices, which is not in accord with today's situation. Many banks have become "high rises" at a time when many production and business sectors want to carry on activities but lack capital and are in danger of going bankrupt. Some banks lend money without considering the possibility of losing money, because some of the units that borrow money cannot repay the loans. Some of the credit cooperatives in a number of large cities have gone bankrupt or are in danger of going bankrupt.

In my view, the reasons for the above situation are as follows:

1. The credit system outside the banking system does not provide a solid base for the banking system.

At a time when the economic situation is bad, the country is poor, production is undeveloped, and the economic structure is unbalanced, regulating and circulating currency and credit in order to regulate production and commodity circulation in each area of the country is very important. It is essential to mobilize the surplus capital of the people in order to achieve greater economic and social results. However, to do this well, there must be a broad network from the cities to the rural areas

and from the provinces to the districts and villages with a rank of cadres who fully understand their work and who can adhere to the policies, procedures, and regulations of the banking system and various echelon authorities. This work must be undertaken by the state banking organizations. But in today's conditions, in which the banks can't carry out this work, credit organizations outside the banking system must help the banks attract deposits from the people and loan money to targets. The credit system outside the banking system consists of the credit cooperatives, the publicly-owned banks, the commercial credit centers, the private credit centers, private banks, and other credit organizations known by various names. The birth of the credit system outside the banking system initially contributed to stimulating agricultural production and artisan industry and handicraft production and helped many laborers increase production and stabilize living conditions. But since the end of 1989, as a result of carrying on currency and credit operations with many different goals, these organizations have created many difficulties and negative phenomena for society. In order to compete with the state bank in attracting capital, these organizations have raised interest rates on deposit accounts using a variety of forms (fixed awards, lotteries, and bonuses). Their rates are 2-4 percent higher than the rates paid by the state bank. As a result, there is an "interest rate war" between the private credit system and the banking system and among the various credit organizations outside the banking system. Because interest rates are high, the commercial production installations don't dare borrow money. They are afraid that productions costs will rise and that buyers will stop purchasing their goods. It's only the traders (those who buy and resell) who can put up with the interest rates and capital velocity of these credit organizations. Investigations of the credit cooperatives and the activities of the primary-level banks in 1989 showed that almost all of the borrowers at these organizations bought and sold in cycles. In Ho Chi Minh City alone, there are up to 150 credit organizations of various sorts. Because of setting interest rates arbitrarily, failing to adhere to any principles, and making loans for the wrong reasons (loans for production accounted for only 5 percent of the loans while loans for daily activities accounted for 10 percent and loans for various other reasons accounted for 80-85 percent), their ability to ensure the capital of the depositors is a great concern of the banking sector and of everyone who has money deposited at these organizations. (Almost all of these organizations have overage debts amounting to 30-50 percent of the use capital and, of these, 15-20 percent are uncollectable. This amounts to tens of billions of dong.)

Reviewing the credit currency activities of the credit system outside the banking sector, what do we see? This is a social phenomenon that the economy has given rise to spontaneously, and it is contrary to Marxist-Leninist theory on the monopoly of the banks in credit currency activities. Will there be even greater losses? Today, the difficult-to-collect debts in the non-banking credit system in the provinces and cities total about 10 billion

dong. The fundamental reason for this is that the only goal of many of the units in this credit system has been to make a profit. They have not considered the economic results in general and are far removed from the commercial registration goals. Will the heads of these units be willing to go to jail if they can't service the debts? Depositors continue to pound on their doors and stay at their offices when they learn that these organizations have lost money. Or have the heads of these organizations already smuggled the money out of the country? The question is what to do about all the money that these organizations owe the people. Who will "purchase the debt" in order to repay the people? The state? Where would the budget funds come from? The banks? That is just as unreasonable. I work in the banking sector and even I can't answer that question.

Almost every one of the credit installations outside the banking sector has lost money. The non-banking credit system is in danger of going bankrupt. The point to note is that this credit system was supposed to help the banking sector and end the monopoly of the banking sector. But it does not have either a direct or indirect relationship with the banking sector (in some cases, banks will not allow the credit installations to make security deposits). In short, the non-banking credit system has not given much help to the banking system in regulating currency and commodity circulation or in supporting commercial production in order to improve the lives of the people. Just the opposite has been true. Their activities have been confusing and complex, and they have lost their prestige.

2. The banking system has not maintained tight control within the sector.

In switching from a bureaucratic centralism and state subsidies mechanism to an economic accounting mechanism in order to support the commercial production installations and help them work more effectively, the banking sector has been divided into two systems: the state bank and the specialized banks. The main function of the state bank is state management. The main task of the specialized banks is to engage in commercial activities and support commercial activities under the management and supervision of the state bank. In my view, this division is not really rational. Because, as we all know, to carry on commercial activities well, management must be good, and favorable conditions must be created for business. Business determines management; management cannot bind business. If banks want to carry on business activities effectively, their activities must be related to social interests. At the same time, management methods must be in accord with and effectively support the business goals. I have stated it this way in order to confirm that business activities and management must be implemented by a single theme. This will not only help concentrate all of the sector's capabilities on supporting the common goals and elevating the spirit of responsibility of everyone in the sector but will also help eliminate the unwanted divisions, particularly the divisions in income distribution. Only by doing things

this way will we be able to determine the best path to take in every phase of renovating the country.

The mechanism is the basic problem, and this determines the results of the activities of every sector. However, a mechanism is not something that is permanent and unchangeable. It must be flexible, because people organize the mechanism based on adhering to reality and the laws of development of society. An open mechanism with a flexible operating apparatus and coordinated elements aimed at hitting the economic and social development targets is far superior to a bureaucratic centralism and state subsidies mechanism, which makes it impossible for the economy to grow. Reality has shown that the lack of unity between the state banking system and the specialized banking system has had serious consequences, that is, loans have not been given to the right targets and billions of dong have been lost. In many cases, loans have not been made in accord with the nature of the capital and profits have been taken and assets have been purchased in disregard of the principles. This has had an effect on the budget deficit. The banks run after partial profits, ignore the capital use principles of the state, and do things contrary to the management principles and financial norms. As a result, both the state banking system and the specialized banking system cannot regulate currency and commodity circulation in each area or on a nationwide scale.

In order to contribute to stimulating our country's economy, I think that the banking sector must reorganize all currency and credit activities as follows:

#### 1. The operating mechanism

I would like to propose two plans:

Plan I: Unify the activities of the banking system and the non-banking credit system to regulate currency circulation. The organizations belonging to the non-banking credit system will become agents of the banking system at the primary level but will carry on independent accounting under the guidance and direction of the banking system. The specialized banks will be integrated with the state bank under the common name "state bank." The state bank will assign specific management tasks to support commercial production to each element. In this, the management elements at the information and guidance centers will play the decisive role regarding the daily operations (including operating results) of the entire system, and they will report to the the director-general of the state bank and the Council of Ministers. The functions and scope of operations by sector must be determined for the specialized banks (such as industrial-commercial banks, agricultural development banks, construction investment banks, foreign trade banks, grain banks, housing development banks) present in the cities and large towns. As for smaller localities, the specialized banks should become integrated banks that meet the support needs of each sector.



## Plan II: Establish people's banks:

a. All of the non-banking credit organizations should be centralized to form a system of credit agents, or people's banks. The system of people's banks will have the authority to mobilize capital among all the economic elements outside the state sector and have a monopoly on making loans to support the sectors subordinate to the economic elements outside the state sector, such as collective and individual economic elements, joint state-private enterprises, overseas economic elements, capitalist economic elements, and so on. In special cases in which loans are made to state economic elements, this must have the approval of the director of the state bank. The people's banks will carry on independent economic accounting at each echelon based on the results of the credit activities of each primary level credit agent.

As for work methods, I suggest the following:

The state banking system should control all of the activities of the credit system outside the banking system.

The state bank, together with the credit organizations outside the banking system, should develop and implement a new mechanism—people's banks.

The people's banks should be responsible for guiding the activities of all the credit agents in the non-banking credit system. They should report regularly to the state bank.

b. The specialized banks should be integrated with the state bank under the name "state bank." The state bank should be divided into two elements:

The state management element will be responsible for controlling the commercial support activities and building and supporting the commercial activities of the state banking system and the people's banking system at each echelon. The state management element, which will be responsible for all of the activities of these two systems, will report to the Council of Ministers.

The commercial element of the state banking system can be divided by support sector (material and non-material production sectors) under the guidance and supervision of the state management element. The state banking system will engage in independent accounting by level. The distribution of the profits and revenues will be based on the work results of each person.

Thus, in forming the new mechanism, there will be an exchange of customers between the two systems. The state bank will transfer foreign targets to the people's bank, and the people's bank will transfer customers who had a credit relationship with primary level credit agents subordinate to state economic elements to the state bank.

## 2. On controlling activities in the sector

In my view, to implement the new mechanism, the banks must use economic results as the leading target, because the survival of these banks depends on the survival and growth of the economic sector. Decisions about making loans (including loans by people's banks) must be made by the banks, not by some middle echelon. The capital of the banks is the capital of all the people. Thus, this capital must be used in ways that will benefit the economy. Furthermore, because the banks are using the people's money, they are responsible to the people and to the people alone. The banks must exercise prudence when making loans and adhere strictly to principles of currency and credit management and business. In order to maintain order and discipline and manifest independence in the currency activities of the banks, the state must have strict control measures with respect to the banks. The state bank must soon submit a report to the Council of State on promulgating a Banking Law and submit a report to the Council of Ministers on promulgating Banking Regulations.

## 3. On organizing, leading, and regulating banking activities

The work of organizing, leading, and regulating banking activities must be improved in accord with the need to renovate banking operations. There must soon be a mechanism for selecting various-echelon leadership cadres who have the ability to do bank work. The tour of duty of banking cadres should be set at five years for cadres at all echelons, from the central bank to the primary level banks. After each tour of duty, the cadres must be replaced or reappointed with the aim of constantly improving the quality of the leadership cadres. We must put a stop to the situation in which cadres are promoted not because of their abilities and virtues but because of "who they know." The "neutralization" of talented and loyal cadres must be stopped. Additional training should be organized for the cadres in order to improve their level of awareness and their professional standards. Attention must be given to using modern technical means in banking operations in order to manage the national economy better. The powers and responsibilities of each type of banking cadre and employee must be clearly stipulated. With respect to the bank credit system, the banking installations that can use retired bank cadres should be stipulated. On the other hand, it must be stipulated that the installations can use banking cadres who were trained by the state or cadres who they sent for training (including those sent abroad).

**Agriculture and Rural Area Development in Vietnam**

912E0089B Hanoi TAP CHI CONG SAN  
in Vietnamese No 7, Jul 90 pp 44-47, 53

[Article by Le Doan Dien, professor of biology and director of the Post-Harvest Work Institute]

[Text] The close relationship between agricultural production and rural area development is an important element in the country's socioeconomic development in the coming decade. The results of agricultural production are the basis for building a developed rural area.

Conversely, a rural area that is developed in all respects is a direct source of strength for stimulating agricultural production.

In such a situation, the post-harvest activities of the agricultural sector play a very important role in rural area development in Vietnam.

1. Post-harvest work is the door of agricultural production today and the main sector of Vietnamese rural industry in the coming decade.

During the past several decades, agricultural production and rural area development in our country have scored notable achievements and changed the agricultural production and rural area situation in our country. These achievements are due mainly to post-harvest activities. Post-harvest activities, including pre-storage (cutting, threshing, drying, cleaning, and grading), storage, processing, agricultural product quality control, and so on, have not been given enough attention. Because of this, growth potential with respect to gross production and economic results is still very great in this sector. This is the door of agricultural production in the coming years. Furthermore, carrying out the post-harvest activities well will solve some of the innate problems of the pre-harvest stage, such as the problem of a surplus of agricultural products that can't be sold and the problem of arbitrary grading and pricing of agricultural products, that create losses for the producers and that have in many cases hampered production. Carrying out the post-harvest activities well will stimulate production, make a decisive contribution in varying production in the pre-harvest stage, enrich the crop allocation, improve the crop rotation system, make it possible to harvest the various types of crops on time, free the land quickly, and improve multicropping capabilities.

Today, the concept of rural area development has been expanded to include many varied activities in the scientific and technical, economic, cultural, and social spheres. However, the rural area cannot be developed in a closed manner without involving industry, which means building rural industry with suitable sectors.

Based on the actual experiences of other countries in this region (which were summarized recently) and on the agricultural development practices in Vietnam, I think that post-harvest activities are the door of agricultural production today. At the same time, this will be the main sector of Vietnamese rural industry in the coming decade. As for the economic and social programs of our country, the post-harvest period is a strength and great potential in the spheres of agricultural production and rural area development.

2. Post-harvest activities are the starting point of a strategic path aimed at making effective use of the dialectical relationship between agricultural production and rural area development.

Including the activities of the post-harvest stage within the framework of the broad rural area is something that

is completely new for us. To date, we have not built perfect forms. We have just prepared and developed each element, but things are not synchronized. There is a shortage of capital, equipment, materials, technology, and, in particular, energy. In order to develop rural industry, the most important factor is to provide enough energy to implement the industrial projects of the post-harvest stage.

The program of developing integrated rural areas and using production as the material element is the right way to develop rural industry. Through this program, the economic, communications, capital construction, cultural, and social spheres will have an assembly point in order to coordinate things and fully manifest their functions and strengths. Stepping up the activities of the post-harvest period is the initial step in the program to develop integrated rural areas. The post-harvest activities will intersect both agricultural production and rural area development.

The post-harvest activities must be developed with the aim of hitting the following four general targets:

#### 1. On pre-storage and storage activities

Appropriate use must be made of the new technical advances and appropriate techniques in the various activities, from harvesting, transporting, drying, and cleaning to grading and storing, particularly the drying of summer-autumn rice in the Mekong Delta and winter agricultural products in the north. Material bases, storehouses, docks, and drying yards must be repaired, restored, and built in order to gradually reduce losses, in terms of both amounts and quality, both before and during the process of storing grain and other agricultural products in the state, collective, and family sectors. In the coming years, an effort must be made to reduce losses 5-6 percent and annually save approximately 1 million tons of grain converted to paddy equivalent. An effort must be made to maintain and improve the quality of the agricultural products from when they are harvested to when they are consumed.

#### 2. On processing

In the coming period, the post-harvest processing of agricultural products in our country must move in the direction of expanding and renovating the technical standards, particularly the processing of subsidiary food crops into commodity products of high commercial value and good nutritional value, and promptly supporting domestic consumption and export requirements. Only by processing agricultural products into commodities will it be possible to enable the agricultural sector to develop in all respects and on a continuous basis, to solve the economic and social problems in the rural areas of our country, and to increase the incomes of the producers in the agricultural sector. This is a very important problem. On many occasions, the party's resolutions have stressed the need to transform our country's agriculture into a commodity agriculture.

In the coming period, the agricultural products processing industry in our country must make integrated use of the various types of agricultural products raw materials in order to produce many types of food products (both foods and beverages), maintain a balance with respect to calories, protein, and vitamins, and provide effective support for the daily meal patterns of the people. Stated differently, we must vary the post-harvest products that are processed. This must be carried on not only throughout society but also in each enterprise and processing installation. Varying the products in the agricultural products processing industry will bring high economic results, help the enterprises and installations recover their capital and make a profit quickly, and contribute to improving the standard of living of the producers.

We must choose agricultural products processing techniques that are suited to the use of equipment on a small scale or village or cooperative scale based on coordinating traditional techniques with modern technology, coordinating manual and semi-mechanized and mechanized techniques, coordinating things between the people and the state, and coordinating simple processing with industrial processing in order to achieve good results without having to make large investments of energy, materials, or capital.

In the coming period, the post-harvest agricultural products processing industry in our country must be tied to the markets in order to learn the needs of the consumers and, based on that, be able to make suitable product plans to satisfy the needs of consumers both here and abroad. Activities in the sphere of post-harvest agricultural products processing, including white-collar activities, must be commercialized.

Selective use must be made of a number of spheres of biology, particularly the microbiology and enzyme industries, to have them provide practical support for the post-harvest agricultural processing industry in our country.

The post-harvest agricultural products processing industry must use improving quality and lowering product productions costs as the standards for its activities. If the products of this industry continue to improve in quality, production costs decline, and its products are accepted by the consumers and society, there will be a new situation in the use of food products. We will gradually be able to overcome the old habit of having to have rice with every meal, and this will free women from much of the cooking work and gradually familiarize the people with industrial eating methods.

Using product quality as a standard will enable the agricultural products processing industry to produce many types of special food products of high commercial value in order to support exports and quickly increase the incomes of the peasants.

Proper attention must also be given to packaging and sanitation in the post-harvest agricultural products processing industry. The experiences of other countries show that attractive packaging attracts many customers and that that is an important factor in commerce. Normally, packaging accounts for about 30-40 percent of the product sales price. On the other hand, the industrial sanitation rules and the regulations of the Ministry of Public Health and of the state in the food sphere must be adhered to strictly (for example, regulations on the use of coloring and chemicals in food processing) in order to protect the health of the consumers.

### 3. On agricultural products quality control and standardization

This is a very important and pressing task. Because in the final analysis, product quality in general and the quality of agricultural products in particular are the yardsticks of economic performance and of the commercial operations of an enterprise, of a locality, and of a nation. Quality above all, quality above all—that is the slogan in the export operations of countries today. Thus, in this sphere, we must write legal documents aimed at putting the control of food quality on the right path. We must restore and expand the agricultural products quality control network in the country. We must unify planning, manufacture and use measuring equipment and tools, and control quality in the agricultural sector and food products industry.

### 4. On rural area development

The industrial activities of the post-harvest period must be used as the material theme and point of focus of economic activities (communications and transportation, construction, capital construction, and so on) and cultural, educational, public health, social, and other service activities. General plans and rural area development plans must be formulated for each population unit from the district and village levels to the peasant households.

Models of integrated rural development must be formulated for each ecological zone and each economic zone in the country based on developing rural area industry, with the focus being post-harvest industry, in order to exploit the strengths of each locality with respect to resources, occupations, labor, and capital and quickly bring the advances of industrial civilization to the rural areas.

The experiences of other countries in this region show that rural industry plays a very important role in providing jobs and solving the economic and social problems in the rural areas. For example, Chinese government statistics show that by the end of 1988, after 10 years of implementing a policy of reform and openness, China had more than 18.8 million rural industries that provided jobs for almost 100 million people in the rural areas. Last year, the gross income of these enterprises reached \$175.54 billion. A number of long-time specialists in the Chinese agricultural sector estimate that the

rural enterprises in China have made large contributions, particularly to solving the long-term economic and social problems in China. These enterprises have created jobs for the peasants, enabled them to prosper, and helped them to solve the problem of shortages of consumer goods and overcome the imbalance in the national economy between industry and agriculture. Naturally, along with these positive achievements, there have also been many problems in the development of rural industry in China. For example, there is the lack of experience in large-scale industrial production, the problem of managing rural enterprises, the waste of energy and raw materials, the problem of environmental pollution, and the poor quality of the products produced. Last year, according to news sources of the Chinese Ministry of Agriculture, in just nine months, approximately 1 million rural enterprises closed their doors and hundreds of thousands of enterprises had to cease production or change the direction of production. These things show the complex nature of rural industry in agricultural production and rural area development. This requires that we have an all-round viewpoint when carrying on and developing rural industry in our country.

From the above analysis, it can be affirmed that the agricultural sector and rural industry, the core of which is the post-harvest industry, are natural "fellow-travelers." They have both a strategic and tactical nature in building and developing the new socialist rural area in Vietnam.

#### **Some Ideas on Ways To Consolidate the State Forests**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 7, Jul 90 pp 48-53

[Article by Nguyen Dinh Luan; not translated]

#### **Renovate the Operations of the Biology Sector**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 7, Jul 90 pp 54-58

[Article by Dao Van Tien; not translated]

#### **Some Problems Concerning Organization and Cadre Work Today**

912E0089C Hanoi TAP CHI CONG SAN  
in Vietnamese No 7, Jul 90 pp 59-62, 67

[Article by Vo Tu Thanh, section chief, Department of Ideology and Culture of the Central Committee]

[Text] Since the Sixth National Party Congress, organization and cadre work has achieved notable initial results:

The party's viewpoints on organization and cadre work have been affirmed. These are new viewpoints on reforming the political system and on clearly defining and distinguishing roles, functions, and tasks and the

relationship between the party organizations, administrative organizations, and mass organizations. These are new viewpoints concerning defining standards for evaluating cadres and for selecting, training, and using cadres. These are new viewpoints concerning organization and cadre work contents and methods and concerning the renovation of the ranks of those involved in organization and cadre work.

The party and state apparatus, from the central echelon to the primary level, has been reorganized and simplified. Many middle organizations that overlap each other have been eliminated, particularly at the production and commercial units. As of the end of 1988, one-half (16 of 32) of the party organizations and mass organizations directly subordinate to the central echelon and one-half (34 of 69) of the ministries, committees, and general departments subordinate to the Council of Ministers had been consolidated. Eleven ministries, committees, and general departments and 199 departments, sections, and institutes had been eliminated. In the localities, from the provinces and municipalities to the wards and districts, almost 50 percent of the services, offices, and committees had been eliminated. [Footnote 1] [NHAN DAN, 9 January 1989 and 24 February 1989]

The ranks of key leadership cadres from the central echelon to the localities have gradually been renovated. Almost 100 percent of the ministers, secretaries, and provincial chairmen, 91 percent of the vice ministers, 70 percent of the ward and district secretaries, and 89 percent of the directors of federated enterprises and general corporations have been replaced or reassigned. In a number of sectors and localities, the highest leaders have been replaced five or six times.

Views on cadre organization, organizational agencies and ranks of cadres involved in organizational work from the central echelon to the primary level, and organizational and cadre work methods and styles have all been renovated. From the Organization Department of the Central Committee to the organization sections of the central departments and ministries and the provincial and municipal organization committees, organizations have been reorganized and consolidated. What has been and is occurring is a generational shift among those involved in organization and cadre work. More and more younger cadres with political quality and practical organizational skills are entering these ranks. Rules and regulations aimed at manifesting a spirit of democracy and openness in organization and cadre work are being formulated and implemented.

The results mentioned above must be affirmed and respected even though these are just initial results and even though they have not fully satisfied the large requirements of renovation in Vietnam.

Today, there are many questions that need a clear, concrete, and responsible answer. For example, Why, three years after the implementation of the resolution of the Sixth Congress, hasn't organization and cadre work

undergone a real transformation as hoped for? Why hasn't organization and cadre work made real contributions to changing the situation in line with its important role and position? Why haven't the shortcomings in organization and cadre work mentioned at the Sixth Congress and in the resolutions of the CPV [Communist Party of Vietnam] plenums following that been overcome? The organizational system from the central echelon to the primary level has frequently been reorganized and so why is it still unstable, or even in a state of disorder? The ranks of cadres, particularly the ranks of key cadres, have changed quite a lot and so why don't they have new quality and why haven't they satisfied the requirements of the tasks? Why has the work of simplifying the apparatus and reducing the size of the staff at many places achieved very little even though the number of cadres at some localities and units has increased greatly?

Looking at the facts, we can see:

a. Organization and cadre work is a science and also an art. But more seriously, we really haven't given adequate attention to this work. Furthermore, we have not acted as if this were a science. We have usually remained indifferent or been satisfied with renovation viewpoints and concepts of a general nature without becoming deeply involved in guiding things in order to continue perfecting things and, in particular, to establish concrete and unified regulations. Because of this, when dealing with specific problems, things are often confused, and there are even conflicts. To give an example, in order to build an organizational system suited to our country's renovation work, we must formulate various plans in accord with the intention to reform the political system based on the renovation viewpoints already determined in order to weigh things and select the most advantageous plans (or to put it more modestly, suitable plans) before we actually implement things. But we have not done this, or we have formulated only rough plans before implementing things. Or we have drawn up plans while implementing things. We have also draw up plans while implementing things and then argued about very basic viewpoints. Moreover, some places have been satisfied with the motto "once something goes wrong, then fix it." The result is that the apparatus is always in a state of confusion, and things are unstable because of having to reorganize things all the time or because of having to abandon the old organization and establish a new one, which is a way of doing things that lacks a scientific basis. The assignment of cadres, particularly leadership cadres at the various echelons and in the various sectors, is frequently not in line with the stipulations on standards and ages. There is a rather widespread lack of synchronization, respect, and democracy. There are also cases in which people are not selected for the work or organization but in which jobs and organizations are established for particular people. Because of this, there are places that have changed greatly, but they have not been renovated.

b. Actions do not match words. There is much talk but little action. The resolution of the Sixth Congress (December 1986) stated that "the urgent problem is to reorganize the ministries, state commissions, and general departments and simplify the state administrative apparatus of the ministries..., eliminate the middle organizations..., switch to direct methods using specialists..., and implement measures to remove irresponsible and weak cadres...." The resolutions of the fifth and sixth plenums of the Party Central Committee in June 1988 and March 1989 respectively stressed that "the apparatus of the party and administrative organizations and mass organizations must be reformed from the central echelon to the primary level.... The average age of the ranks of cadres must gradually be lowered, and continuity must be maintained in the leadership organizations at each echelon.... The cadres must be reassigned in a rational way". The situation in which cadres are assigned to positions for which they are not qualified and in which cadres are disciplined in one place and then transferred to another place, continuing to enjoy the same wages or even being promoted, must be stopped. Cadres who have been promoted but who do not have the necessary quality or capabilities must be demoted. The cadre retirement system must be implemented properly. An effort must be made to implement the important changes concerning cadre work within the next several years." But unfortunately, these things have not been done anywhere. In some instances, just the opposite has been done.

The time has come when we must reorganize the central organizations in order to truly manifest their role as integrated and strategic staff departments of the central echelon. But on what principles will these departments be reorganized? How should the relationship between the departments of the central echelon and the state management ministries be stipulated? What standards should be used to recruit department cadres in order to avoid "advancing to ministries, retreating from departments?" Another problem that must soon be solved is that of clearly distinguishing the state management functions of the ministries and the production and business management functions of the general corporations and federated enterprises. Is resolute action being taken to solve these problems or are things being done at a leisurely pace? In cadre work, a very important question that needs a concrete answer is: "When will resolute action be taken in dealing with cadres in positions of power who have committed mistakes and even violated the law? When will a stop be put to the situation in which those at the top are dealt with lightly while those at the bottom are disciplined harshly or in which "citizens are punished but officials get away with things?" Even more important, when will the party committee echelons pay real attention to organization and cadre work in order to make meaningful changes in this important sphere as many party resolutions have called for and as the cadres, party members, and masses want?

c. We often agree with the general stipulations in the organization and cadre work methods, but we have not

invested enough to formulate specific, scientific, and unified rules and regulations.

The central committee has stipulated: "Collective principles, democracy, and the responsibilities of the heads in cadre management work must be implemented properly. Based on exploiting collectivity and democracy, the heads of the various echelons are the ones who are responsible for carrying out the cadre management tasks." How should this stipulation be understood? In reality, what will be done if there are differences of opinion between the heads and the collectives (of the leadership collectives, party committees, or party committee standing committees). And on what will higher echelons rely to make a decision? Or will the problems be solved by waiting, negotiating, and using persuasion in order to be "light hearted."

Many places are electing the highest leaders (college presidents, enterprise directors, and so on). After the votes are cast, the higher-echelon organization officially appoints the person who received the most votes. But what about lower echelons? Do the chiefs have full power to select their assistants, or must they obtain the consent of the party committee? If the party committee echelon does not agree with the choice, how will the matter be resolved?

At a time in which one generation of cadres is being replaced by another generation, the problems of lowering average age and correctly implementing the retirement measures for cadres as pointed out in the resolutions of the fifth and sixth plenums of the CPV Central Committee (6th Term) are very timely and proper. But why has the implementation of these measures been relatively effective for ordinary cadres and personnel but difficult for managerial cadres and high-level or relatively high-level leaders? What has happened to principles and "reason" when solving this problem. Is it that we don't have specific and open stipulations or that we do but that they have been implemented in an arbitrary way depending on the changes "in the weather" at each organization and unit or depending on how well the person knows his boss or the head of the next higher echelon? Is it that there are still disagreements about this that have not been discussed carefully, or is it that "people are helping each other?"

d. Although the organizational agencies and people involved in organization work have been improved, consolidated, replaced, and strengthened, in general, the activities of this apparatus still seem to be in the "test" stage. To put it another way, renovation of organization work and the ranks of cadres involved in this work has not been implemented in a basic or synchronized manner. Because of this, the rather great and serious demands of life and of renovation have not been satisfied.

In order to overcome the above situation regarding organization and cadre work, I think that when preparing to make basic reforms in the political system and when making choices in order to have the best plan for an organizational system in accord with the country's situation and special characteristics and the capabilities and real standards of the cadres at a time when the old and new management systems are crossing, we should concentrate on eliminating or reorganizing the irrational points in the apparatus (the middle and overlapping organizations) without turning everything upside down. We should not allow this period of instability to drag on or "correct mistakes as they crop up" in organization and cadre work, because that could lead to "unrest" and "insecurity" among the cadres, particularly among the cadres in charge.

Times should be set for formulating and promulgating specific rules on cadre work and regulations on cadre management. In order to implement Politburo Decision 23/QDTW of 24 November 1987 on cadre management rules in a correct and unified manner, the specific guidelines that were drafted by the Organization Department of the Central Committee and to which the organizations and localities contributed ideas must soon be promulgated.

Guidance must be provided in order to quickly formulate and promulgate statutes and operating and work statutes for all the organizations and units in the organizational system of the party and state and the mass organizations. Specific functions and standards must be developed and promulgated for each type of cadre, including standards for the party committee echelons. The formulation and implementation of cadre plans must be promoted. The above stipulations must be publicly disclosed (as far as possible) in order to implement the slogan "the people know, discuss, act, and control."

The results must be evaluated promptly, and the lessons in implementing the policies and tasks of organization and cadre work during the past 3 years must be learned. The ranks of cadres in this sector must be inspected and reevaluated in order to select and replace cadres in a synchronized and timely manner. The requirements of the Sixth Congress must be implemented: Above all, we must renovate organization work and the ranks of those involved in organization and cadre work. The great majority of the cadres engaged in organization and cadre work today are people who were selected, promoted, or transferred in. They are not people who were systematically trained. Thus, there must be specific plans to train, within a certain time, a rank of people to carry on organization and cadre work, people who have political quality and the ability to carry out these difficult and complex but very important tasks.

**Reviewing Practices in Renovation Conditions**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 7, Jul 90 pp 63-67

[Article by Tran Huu Tien; not translated]

**Precinct 3 Party Organization Strives To Improve  
People's Living Conditions**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 7, Jul 90 pp 68-71

[Article by Huynh Van Thanh; not translated]

**The Construction of a House by an Official and  
the Selection of Housing by a Cadre**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 7, Jul 90 pp 72-73

[Article by Nguyen Duc Muu; not translated]



**Readers Make Observations and Contribute Ideas  
to the Journal**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 7, Jul 90 pp 74-76

[Article not translated]

**Laos Is Self-Confident and Is Renovating**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 7, Jul 90 pp 77-80, 71

[Article by Vu Hien; not translated]

**From the Elections in Eastern Europe**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 7, Jul 90 pp 81-85

[Article by Nguyen Trong Thu; not translated]

**Socialist Democracy and Self-Government by the  
People**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 7, Jul 90 pp 86-88, 85

[Article not translated]